

Page 1 of 1

# **The Centro Partnership A New Beginning for Downtown San Antonio**

Submitted by

Civitas Consultants LLC

June, 2009

## TABLE OF CONTENTS

INTRODUCTION .....	2
EXECUTIVE SUMMARY .....	3
SECTION I: BACKGROUND .....	6
SECTION II: STRUCTURE AND ORGANIZATION.....	7
SECTION III: GOVERNANCE .....	9
SECTION IV: VISION AND MISSION .....	12
SECTION V: BOUNDARIES.....	13
SECTION VI: PROGRAM ELEMENTS.....	14
SECTION VII: STAFFING .....	17
SECTION VIII: BUDGET .....	18
SECTION IX: TIMELINE .....	21
SECTION X: PARTNERS .....	22
SECTION XI: APPENDICES .....	23

## Introduction

How can San Antonio design and build a new downtown organization capable of meeting the challenges of a dramatically changed economy and an increasingly competitive regional environment? That is the question this proposal seeks to answer.

Thirty years ago, the Downtown Denver Partnership pioneered a new approach to downtown leadership and management. This organization, created in 1980, utilized an umbrella corporation guiding and directing four subsidiaries. Then, twenty years ago, Downtown Kalamazoo Inc. utilized the Denver model but added management of previously public functions – a downtown development authority and a public parking system. Shortly thereafter, in 1990, the Center City District in Philadelphia adopted a model created in Toronto in 1969 (and widely emulated today) called a business improvement district, or BID, and took that model to a new level. Since that time, most effective downtown organizations have incorporated some or all of these innovations.

Today, the City of San Antonio, in cooperation with the San Antonio Downtown Alliance and other stakeholders, has undertaken a process of reinvention and redesign resulting in an action plan and organizational model that utilizes the best practices of downtown organizations like those in Denver, Kalamazoo and Philadelphia, but which goes beyond those models to create what may be, if successfully implemented, a new model other cities may seek to copy for years to come.

This proposal outlines what such a new organization might look like. It suggests a new name – the Centro Partnership. This name, suggested during the most recent round of interviews, has several roots. The International Downtown Association Advisory Panel, which met in San Antonio in May 2008, recommended the name “City Center Partnership” to reflect the creation of a new organization based on a strong public-private partnership, and also to reflect that the borders of the traditional “downtown” needed to be rethought and expanded. Many of the highly successful downtown organizations have adopted “partnership” as part of their names. And finally, the term “Centro” – Spanish for “downtown” – is a clear reminder of the unique heritage San Antonio possesses.

Even though this proposal is much more detailed than the concept paper that preceded it, there is still much that has not yet been determined. One of the major elements of this proposal is the strong partnership between the new entity and the local government. Perhaps as much as any example in North America, this new organization can oversee and manage several government functions specific to downtown. Maintenance, development, parking and incentive programs are just some of the possibilities that should be explored. Assuming certain transfers of management fall within the realm of legality, the question then becomes, will the downtown and the entire community benefit if the downtown organization assumes responsibility for a given function? These questions will have to be answered in the coming months.

## **Executive Summary**

The City of San Antonio, in cooperation with the San Antonio Downtown Alliance and other stakeholders, has undertaken a process of reinvention and redesign for its downtown management, development, and revitalization program. This process has produced an action plan and organizational model that utilizes the best practices of downtown organizations like those in Denver, Kalamazoo and Philadelphia, but which goes beyond those models to create what may be, if successfully implemented, a new model other cities may seek to copy for years to come.

There are many issues to consider when undertaking a process as important and far-reaching as this one. This proposal seeks to address all of the key components the City and the other major stakeholders will need to undertake over the next several months.

### Corporate Status

Based on the International Downtown Association Panel Report and interviews with community leaders throughout the process, this proposal recommends a new corporation with a new name – The Centro Partnership. This name combines the recommendation contained in the IDA report (Center City Partnership) with the recognition of San Antonio's unique Hispanic heritage.

The new Centro Partnership should be incorporated as a 501c6 nonprofit corporation. While other options were considered, this Internal Revenue Service designation is the one that makes the most sense.

### Structure and Governance

The board of directors represents ultimate authority in any organization. The board hires and fires the chief executive, determines the organization's vision, mission and goals; reviews and approves the organization's program and budget; and evaluates the performance of the organization and its paid executive. This proposal envisions a board of fifteen to twenty-five individuals.

The board of directors of the Centro Partnership should reflect the two-fold nature of its mission: management, marketing, and maintenance of downtown San Antonio's public spaces; and downtown economic development. The board should be a "CEO-level" board. Each entity should be represented by the highest-level leadership or by a key decision-maker in the entity he or she represents. Board members from the private sector should be company owners, chief executives, or highest-level local officials (for example, hotel general managers) whenever possible. However, there may exceptions as determined by the nominating committee.

### Vision and Mission

A vision for the future of any downtown is a fundamental necessity. Without a vision, there is no beacon to guide vital policy, program and funding choices. In most successful downtowns, the "keeper of the vision" – the entity that initially forms the vision, and renews and refreshes it periodically is the downtown organization. Public, private and community leaders must share

this vision, or fragmentation and indecision will result. The momentum needed to achieve great things will be lost.

This proposal recommends that a joint task force of the City of San Antonio and the Downtown Alliance be formed to oversee the initiation and implementation of a vision process. A skilled individual or group should facilitate the process.

The vision process should occur as soon as possible, timed to conclude about the same time the Centro Partnership becomes operational. The new, shared vision should then be incorporated into the goals, objectives, and programs of the Partnership.

Through interviews with nearly two dozen downtown and community leaders, it became apparent that there is no shared vision for downtown San Antonio. It was also clear that there is little agreement at this time as to who should be the “keeper of the vision.”

### Boundaries

This proposal recommends a two-stage process to determine boundaries. The first stage would require a meeting of a select group of COSA and DTA leaders, together with other civic and community leaders, who would address these questions and frame the issues so that a second stage, involving a wider group of stakeholders would have a set of clear choices to consider. This is a very important issue and should not be taken hastily or lightly. A thoughtful process will eliminate or forestall the need to go back at a later date and attempt to resolve the inevitable conflicts which are bound to arise if a too-hasty decision is made.

### Program Elements

The Downtown Alliance has played an important role in advocating for and coordinating downtown revitalization for nearly 30 years. It's current programs, mainly in communications, marketing, and maintenance, will form the core of services offered by the Centro Partnership; but there will be a number of new programs added over the first three years, and some current programs may be reduced or discontinued.

While the Downtown Alliance has played an important leadership and service role, this proposal envisions a new organization guided by a shared vision, committed to a focused mission, and managing an expanded array of new tools.

A bold, innovative approach to business attraction and retention is needed. This proposal strongly recommends an initial focus on a targeted retail district, aimed at creating a vibrant, thriving collection of shops and dining establishments on Houston Street. A second focus during the initial three-year period should be on an attraction/retention program for office users.

Parking and transportation are critical issues in any downtown. There is much room for improvement in downtown San Antonio. This proposal recommends examining best practices from cities where the downtown organization manages the downtown public on-street and off-street parking system, and assuming responsibility for management if that proves possible and wise. Furthermore, the new organization should explore creating a transportation management

organization, or TMO, as one of its components. Through a TMO, programs such as car and van pools, car sharing, shuttle and circulator systems, trolley systems, bike-to-work programs, and coordination with regular transit service are coordinated and marketed.

A third initiative builds on the existence of a community development corporation (CDC) created under the auspices of the Downtown Alliance. The CDC could be refocused to undertake projects in much the same fashion as Downtown Tomorrow, Inc. did so effectively in downtown Kalamazoo.

### Staffing

The Centro Partnership should have sufficient staff to carry out its mission. A full staff complement would include a president (CEO), a vice president (COO), and the following program directors or managers: business attraction/retention, real estate development, parking/transportation, operations (maintenance, security and concierge services), and marketing. The organization would employ two support staff – an office manager and an administrative assistant.

### Budget

The budget for this new entity would be substantially more than the budget of the Downtown Alliance. On the revenue side, the Centro Partnership would derive the bulk of its income from the assessment district (PID), which could be expanded in the future to incorporate expanded center city boundaries. It would inherit and expand the membership program currently employed by the Downtown Alliance, and would earn additional revenues through managing city contract services and through revenue-generating festivals and events. A list of potential sources is included elsewhere in this proposal.

### Timeline

The timeline in this proposal envisions all basic organizational work being completed before the end of 2009, along with the visioning process. The timeline proposes having the president in place by January 1, 2010. The COO and office manager should be on board by the end of the first quarter, and the other staff should be hired by the end of the second quarter.

All current Downtown Alliance programs will be evaluated in 2010, to determine which to continue, which to expand, and which redirect, reduce or eliminate. The business attraction and retention program should be launched in the third quarter of 2010. By the third quarter, a decision should be reached regarding transfer of parking system responsibilities, and by the end of the year all programs should be functioning fully.

### Partners

In order to succeed fully, the new Centro Partnership will have to work in close concert with many partners, beginning with the City of San Antonio, Bexar County and VIA. The list of other important partners includes Paseo del Rio, the Tourism Council, SARA, the Greater San Antonio Chamber of Commerce, the Convention and Visitors Bureau, and others.

## **Section I: Background**

When the City of San Antonio commissioned an advisory panel by the International Downtown Association in May 2008, the mission was to “assess current conditions and recommend organizational and governance changes in the management and leadership of downtown San Antonio.”

The members of the IDA Advisory Panel were impressed with the commitment and leadership of both the City of San Antonio and the Downtown Alliance, but found that downtown San Antonio, while one of the premier tourism and hospitality magnets in the region, was underperforming in some of the most important areas of downtown development – specifically, the office, residential, and retail sectors. In response, the Panel recommended the creation of a new organization called the “Center City Partnership” (CCP).

The IDA report did not mean to imply that downtown San Antonio does not or cannot offer Class A office space, attractive condos and apartments, or appealing retail offerings. It meant that downtown San Antonio is not keeping pace with other major cities in Texas and the region, and that it is missing opportunities to capture a more significant role in each of these sectors. This has obvious ramifications for job creation, business attraction and retention, and growing tax revenues. Because downtown is one of the largest economic generators for the city, neighborhood leaders should support a strong downtown because they want to have the resources to fund good schools, high quality police and fire protection, and other essential public services in their neighborhoods.

In early April 2009, David Feehan, President of Civitas Consultants LLC, met with San Antonio business and public sector leaders to assess their perceptions of downtown San Antonio and determine their commitment to a new direction and organizational structure for downtown. The support for changes in the way downtown is managed was virtually unanimous.

Based on interviews, focus groups and a review of written materials, this proposal sets forth an action plan which, when implemented, will shape a new management and leadership organization for downtown San Antonio tentatively called the Centro Partnership. It is anticipated that San Antonio's leadership can adopt this proposal in mid-2009.

## Section II: Structure and Organization

The new Centro Partnership should be incorporated as a 501(c)(6) nonprofit corporation. While there are other options that were considered, this Internal Revenue Service designation is the one that makes the most sense.

Three options were considered:

1. A public authority, such as a downtown development authority;
2. A private nonprofit 501(c)(3) charitable corporation; and
3. A private nonprofit 501(c)(4) or 501(c)(6) civic corporation.

*Should the new corporation be a public entity?* Extensive interviews and conversations with downtown leaders indicated a strong preference for a private nonprofit corporation rather than a public authority. A public agency of this type would be subject to most if not all state and federal laws pertaining to open meetings, bidding processes, and other restrictions.

*Should the new corporation seek charitable or 501(c)(3) status?* According to the Internal Revenue Service, 501(c)(3) nonprofit corporations are: Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations.

The new corporation would have to be considered a “charitable” entity, meaning that, among other important attributes, the IRS would consider contributions to it tax-deductible.

501(c)(3) corporations have a variety of restrictions and reporting requirements that do not apply to 501(c)(4) and 501(c)(6) corporations, including formulas for determining how much income can be derived from various sources.

Moreover, recent attempts in other cities to obtain 501(c)(3) status for economic development corporations have met with strong resistance by the IRS. Apparently, “lessening the burden of government” is not a sufficient reason for the IRS to accord charitable status to an entity that benefits many private business interests. Additionally, there are certain restrictions that apply to 501(c)(3) corporations’ sources of income – restrictions that might prove difficult and problematic.

There is anecdotal evidence that the Internal Revenue Service is treating applications from business improvement districts with far more scrutiny when they apply for 501(c)(3) status. According to a New Jersey downtown manager, “I manage a six year-old business improvement district and another that is a start-up and is just getting its non-profit status from the IRS. In the process of dealing with the IRS for the new district, it came to light that apparently the IRS is treating SIDs/BIDs differently than it has in the past. The agent handling the application for the 501(c)(3) status says our BID is not eligible for that status because it benefits all businesses in a business area that is not blighted, the services provided by the BID could be obtained



commercially by the businesses, the area is too affluent, and we partner too closely with other organizations in the district in order to carry out our mission.”

Other organizations have reported similar difficulties.

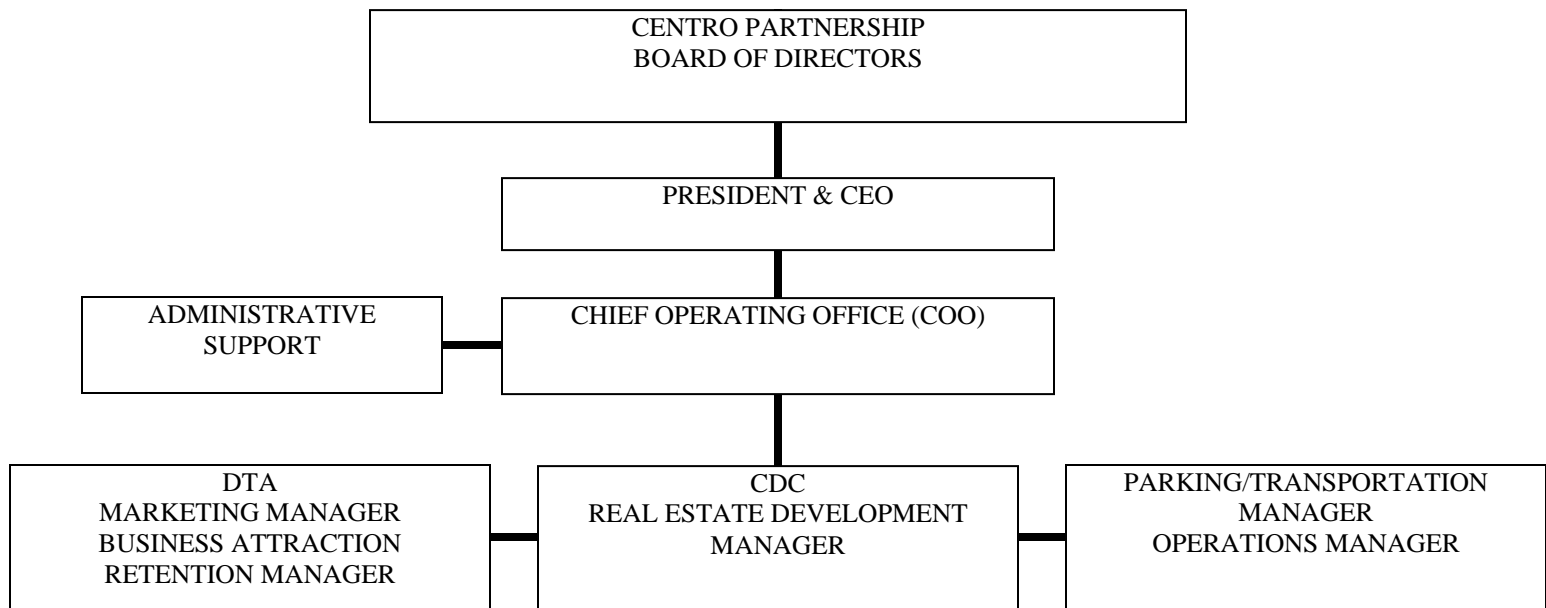
*Should the new corporation seek business or civic group classification by the IRS?* 501(c)(4) corporations are generally “civic leagues, social welfare organizations, and local associations of employees.”

Nonprofit corporations organized under Section 501(c)(6) are generally “business leagues, chambers of commerce, real estate boards, etc.”

One option would be to utilize an existing 501(c)(6) corporation, like the Downtown Alliance. Doing so provides the advantages of timeliness and cost. No time would be lost in the incorporation process, and the expense of setting up a new corporation, however minimal, would be avoided. However, many of the downtown leaders interviewed during the current process emphasized the need for a fresh start, and spoke in favor of creating a totally new entity.

Designation as a 501(c)(6) provides the new Partnership with maximum flexibility in terms of activities and funding. While contributions in the form of memberships and sponsorships are not deductible as charitable contributions, they can be treated as legitimate business expenses.

The proposed organizational chart (see below) recognizes the expanded functions this new Partnership is expected to undertake.



### Section III: Governance

The board of directors represents ultimate authority in any organization. The board hires and fires the chief executive, determines the organization's vision, mission and goals; reviews and approves the organization's program and budget; and evaluates the performance of the organization and its paid executive.

The board of directors of the Centro Partnership should reflect the two-fold nature of its mission: management, marketing, and maintenance of downtown San Antonio's public spaces; and downtown economic development. The board should be a "CEO-level" board. Each entity should be represented by the highest-level leadership or by a key decision-maker in that entity. Board members from the private sector should be company owners, chief executives, or highest-level local officials (for example, hotel general managers) whenever possible. However, there may be exceptions as determined by the nominating committee.

The public sector should be represented by the Mayor of San Antonio, the City Manager, the Bexar County Judge and a representative selected by the San Antonio City Council.

A workable size for the board of directors is in the range of fifteen to twenty-five. Fewer than fifteen would make it difficult to represent important constituencies. More than twenty-five can become unwieldy. The majority of the board should come from the private sector. On a fifteen to twenty-five member board, the composition might look like this:

- Two-four downtown property owners
- Two-four developers of downtown property
- One hotel general manager
- Two-three representatives of lending institutions
- One retailer
- One restaurant owner
- One downtown service business
- One downtown resident
- Mayor of San Antonio
- San Antonio City Manager
- Representative of San Antonio City Council
- Bexar County Judge
- Other representatives might come from VIA, the transit agency, utilities, hospitals, educational institutions, and other prominent downtown entities.

In order to create the initial board of directors, and in keeping with the spirit of a private-public partnership, this proposal recommends that the City manager and at least one prominent downtown business leader act as incorporators for the Centro Partnership. Once the corporation is formed, the incorporators should name a nominating committee of five downtown business leaders. This nominating committee should nominate and the incorporators should elect the first board of directors. The bylaws should consider limiting service on the board to two three-year terms, and board membership should be staggered so one-third of the board is elected each year.

In addition to the board of directors, two other new entities would be created:

- A Downtown Coordinating Council – a group that will meet monthly to take actions on the downtown agenda, and comprises:
  - The Mayor of San Antonio
  - The City Manager
  - The Bexar County Chief Executive
  - The Chair of the Centro Partnership Board of Directors
  - The Vice Chair of the Centro Partnership Board of Directors

- The CEO of the Centro Partnership

The Downtown Coordinating Council will not be incorporated and will have no budget; it will be staffed by the Centro Partnership CEO and will take appropriate action on major projects, programs and initiatives.

- A Downtown Program Committee, which will meet as needed, and will include the chief executives of:

- The Centro Partnership
- The Convention and Visitors Bureau
- The Greater San Antonio Chamber of Commerce
- Paseo Del Rio
- The Tourism Council
- SARA
- Other key organizations (TBD)

The Downtown Program Committee will serve as a coordination mechanism to ensure seamless cooperation between those organizations having substantial interests and responsibilities in downtown San Antonio.

## **Section IV: Vision and Mission**

A vision for the future of any downtown is a fundamental necessity. Without a vision, there is no beacon to guide vital policy, program and funding choices. In most successful downtowns, the “keeper of the vision” – the entity that initially forms the vision, and renews and refreshes it periodically is the downtown organization. Public, private and community leaders must share this vision or fragmentation and indecision will result. The momentum needed to achieve great things will be lost.

Through interviews with nearly two dozen downtown and community leaders, it became apparent that there is no shared vision for downtown San Antonio. It was also clear that there is little agreement at this time as to who should be the “keeper of the vision.”

This does not mean that no one has a vision. Many of those interviewed described ideas and directions, which, if they became more widely shared and adopted, could begin to shape a vision for downtown. But often, the elements of the vision related to the specific interests of those speaking.

This proposal recommends that a joint task force of the City of San Antonio and the Downtown Alliance be formed to oversee the initiation and implementation of a vision process. A skilled individual or group should facilitate the process.

The vision process should occur as soon as possible, timed to conclude about the same time the Centro Partnership becomes operational. The new, shared vision should then be incorporated into the goals, objectives, and programs of the Partnership.

The joint task force can be constituted soon after the proposal for the Centro Partnership is approved by the Downtown Alliance board of directors and by the City Council. Funding for the visioning process should be adequate to ensure that a broad cross-section of community leaders take part in the process. While the vision to be created focuses on the center city, the process should invite participation from those who reside and work outside of downtown. Downtown is literally everyone’s neighborhood, and anyone who wishes to express his or her hopes and dreams for an area that is the city’s heart and soul should be encouraged to do so.

The visioning process will involve not only large and small meetings – it will utilize conventional and new media, such as social networks. It will not only result in a physical vision for downtown San Antonio; it will define the “who we are” and “who we want to be” questions.

## Section V: Boundaries

There has been considerable discussion about the boundaries of the district managed by the new Centro Partnership. There seems to be considerable agreement that the boundaries should go beyond the area considered the “traditional downtown.” As noted in the previous concept paper, there seems to be some, and perhaps considerable disagreement on how far the boundaries should extend.

Here are but a few of the questions that need to be answered beyond the simple “how far” question:

- Should areas that are primarily residential be included?
- Should business districts or corridors that extend into residential neighborhoods be included?
- Should areas outside of the traditional downtown boundaries have a say in whether or not they are included? If so, how should that preference be expressed? By vote?
- If areas outside the PID boundaries are included in the Centro Partnership, should they be assessed, and if so, what services should be provided to them?
- If these areas are assessed, to what degree should they determine the services they receive?
- Should PID assessment funds from the core business district be used to provide enhanced services in adjoining areas if these areas become part of the PID (understanding that the core area will obviously generate more assessment dollars per acre.)
- Should there be “opt-in” or “opt-out” provisions for certain neighborhoods?
- To what degree should COSA funding be used in adjoining neighborhoods, like those currently served by WDC and SAGE? Will these funds continue after the Partnership is formed?

This proposal recommends a two-stage process to determine boundaries. The first stage would require a meeting of a select group of COSA and DTA leaders, together with other civic and community leaders, who would address these questions and frame the issues so that a second stage, involving a wider group of stakeholders would have a set of clear choices to consider. This is a very important issue and should not be taken hastily or lightly. A thoughtful process will eliminate or forestall the need to go back at a later date and attempt to resolve the inevitable conflicts which are bound to arise if a too-hasty decision is made.

## Section VI: Program Elements

The Downtown Alliance has played an important role in advocating for and coordinating downtown revitalization for nearly 30 years. It's current programs, mainly in communications, marketing, and maintenance, will form the core of services offered by the Centro Partnership; but there will be a number of new programs added over the first three years, and some current programs may be reduced or discontinued.

The list below describes the Downtown Alliance current initiatives:

- **Public Improvement District (Centro San Antonio):** The Downtown Alliance contracts with the City of San Antonio to operate the downtown public improvement district. Reauthorized in 2009, Centro San Antonio provides downtown with Ambassador, Maintenance, and Streetscaping Amigos. These supplemental services include sidewalk sweeping, gum and weed removal, trash and litter pickup, graffiti removal and landscaping. The downtown ambassador program stations Amigos on the streets to provide directions and information to visitors, residents, and workers alike.
- **Urban Renaissance Luncheon Series:** This quarterly luncheon series features presentations from the most successful downtown revitalization programs in the country. Speakers discuss transit and transportation impacts, living and working downtown, transforming and reusing downtown, attracting and entertaining the "locals" downtown, and other topics related to the urban environment. In the past years, leaders from Portland, Philadelphia, Denver, and Baltimore Seattle, Pittsburgh, Phoenix and Ft. Worth were featured speakers.
- **"Downtown's Best" Awards Program:** This program recognizes those who make downtown San Antonio a better place to live, work, shop and be entertained. The "Downtown's Best" Awards Program was initiated in 2001. Awards are divided among three broad categories, People, Organizations, and Places. The nominee must be a member of the Downtown Alliance/San Antonio. The Awards Program awards are presented at an annual luncheon program. The annual fundraising luncheon, which features an extensive call for nominations, is a juried awards presentation and brings status to downtown activity and leaders.
- **DTA's Annual State of Downtown Luncheon** enhances awareness about urban development projects currently underway and those on the horizon.
- **DTA's Urban Spaces Tour** encourages urban dwellers (both present and future) to become aware of opportunities in downtown. Visiting a variety of residential, historical and business projects, the tour serves as an annual fundraiser and serves as one of the Downtown Alliance's keystone events. By encouraging awareness and excitement about the city center, it simultaneously furthers the mission of educating the community on the numerous opportunities that exist within the city center and helps raise funds to support DTA programs.

- **DTA/Centro Brand Development** – DTA needed an updated brand which accurately reflected the direction of the organization. An intensive brand audit and redesign yielded a new logo series depicting a more urban contemporary aesthetic. The “Be Downtown. Be CENTRO.” tagline preserves previous brand equity while the DTA and Centro logos were refreshed and now are more aligned with the DTA parent brand.
- **DTA/Centro Web Site** – The web site encourages visitors to explore and utilize the resources downtown. The site offers tools and analytics to those seeking information as well as those who are featured on the site. With components such as Google map and increased search capacity, it is a useful tool for visitors, residents, downtown employees, and others.
- **Through DTA Board Committees**, volunteers organize and oversee membership programs on critical downtown topics throughout the year. The **Planning & Economic Development Committee** coordinates planning efforts for downtown to sustain and enhance economic development opportunities. The **Governmental Relations Committee** maintains relationships with elected officials and advocates for support of downtown revitalization efforts.

### **Centro Partnership New initiatives**

During the first three years of its existence, the new Centro Partnership will focus its energy and resources on a limited but critical menu of new program initiatives.

#### ➤ **Business Attraction and Retention**

This proposal recommends a carefully crafted and designed, focused and well-funded program to create a critical mass of outstanding retail offerings on Houston Street. The program would identify a realistic, central area of perhaps three blocks to begin with. Working closely with property owners and City economic development staff, the CP director of business attraction and retention would identify a number of unique, destination-type retailers who are currently either in the San Antonio metro market or within the Texas/Louisiana/Oklahoma region and who are either in or would consider being in a central urban location. Through this concerted and well-coordinated effort, buildings will be brought up to standard, tenant incentives will be defined and implemented, and a marketing campaign for the shopping/dining district will be launched. This campaign will be coordinated with the Amigos program to ensure sufficient maintenance, safety, and concierge support. As the program demonstrates success, it will be expanded to adjoining blocks.

In addition to this special focused retail program, the Centro Partnership will partner with the City, Chamber and others to develop a strong business attraction/retention program focused on office tenants. Several other downtowns have developed possible models; but San Antonio’s will be based on a “mass customization” model, whereby tailor-made packages involving parking, workforce development, financial assistance, and other



elements will ensure that both small and large businesses know they are valued and appreciated.

Centro Partnership will explore with COSA potential management of a variety of city incentive and economic development funds targeted for downtown (see Appendix I.)

➤ **Parking and Transportation Management**

Management of municipal parking systems has become an increasingly common program function of downtown organizations. Beginning in Kalamazoo Michigan in 1989, and in subsequent years in Tempe, AZ; Memphis and Nashville, TN; Boise ID and other cities, downtown management and revitalization organizations have assumed responsibility for managing on-street, off-street and enforcement parking functions.

An even more popular trend is the creation of transportation management organizations, or TMOs. These organizations coordinate various forms of transportation serving a specific area, such as car and van pools, circulator and shuttle buses, and of course, parking.

This proposal recommends that the Centro Partnership begin negotiations with COSA to assume overall management and coordination of the downtown parking system; and that Centro Partnership further investigate the potential for the creation of a TMO under the auspices of the Centro Partnership.

➤ **Real Estate Acquisition and Development**

The Downtown Alliance created a nonprofit community development corporation to assist with the River North project, and that corporation still exists. This proposal recommends keeping that corporation alive and intact, but repositioning it to serve as the real estate arm for the new Centro Partnership. The CDC can be used for acquisition of sites, land-banking for future development, and partnering with for profit or nonprofit developers when deals would otherwise not occur.

## **Section VII: Staffing**

The identification, recruiting and hiring of staff is vital to the success of the new venture. Without an energetic, motivated, and skilled staff with knowledge and experience well-matched to the tasks the Partnership will undertake, success will be limited at best.

This proposal recommends the following positions:

- President/CEO – the chief executive is responsible for overall management and leadership, relations with governmental and business leaders, and assuring that goals are met and results are achieved.
- Chief Operating Officer – the COO is responsible for the internal operations of the corporation, such as finance, IT, membership, and HR.
- Business Retention/Attraction Manager – responsible for creating and managing effective programs to recruit and retain retail, dining, entertainment, and office users.
- Real Estate Development Manager – manages the CDC; responsible for site assembly, purchase of derelict properties, and partnering with other developers when appropriate.
- Parking/Transportation Manager – responsible for creating and managing a transportation management organization under the auspices of the Centro Partnership; and working with or managing the downtown public parking supply.
- Operations/Clean and Safe Manager – responsible for cleaning and maintenance, graffiti removal, supplemental security, and ambassador functions in designated public spaces.
- Marketing Manager – responsible for adapting and enhancing current marketing programs, and designing new programs as downtown development dictates.
- Office Manager – oversees internal office functions under the supervision of the CEO; serves as bookkeeper for the organization.
- Administrative Assistant – provides administrative support to staff as needed; responsible for maintaining and managing the membership records.

## **Section VIII: Budget**

The proposed budget for the Centro Partnership is based on a realistic estimation of what it will cost to accomplish the more extensive and ambitious goals set forth in this proposal.

Comparisons with other downtown organizations were helpful in constructing this budget, and those budgets are included as Appendix II. As is apparent, it is difficult to make “apples to apples” comparisons between organizations because of the complex nature of these entities and because they account for income and expenses and display these figure in somewhat different ways.

However, it is useful to examine the individual budgets as provided by these organizations.

### **Downtown Kalamazoo Inc.**

Downtown Kalamazoo Inc. (DKI) was formed in 1988 in response to the city’s inability to undertake a massive infrastructure project in the north half of downtown (Arcadia Creek) and the business community’s tepid support for the local merchant association. Understanding that a new public-private partnership with more significant resources was essential, City leaders and business leaders created an umbrella organization that staffed and managed the tax increment finance (TIF) program, the downtown parking system, many downtown events, and the design and construction of Arcadia Commons, the name given to the Arcadia Creek development project.

DKI continues to oversee the Downtown Development Authority, which is responsible for the TIF program and continued infrastructure improvements; the downtown parking system; the business attraction/retention program; the festival program; and the marketing program. With a central operating budget (not including the TIF program, the parking program, or the festival program), DKI is anticipating 2009 revenues of \$1,202,573 and expenses of \$1,370, 515. The gap will be filled from a reserve fund totaling \$714,602. It is important to note that DKI serves a city of approximately 80,000 in a metro area of less than a quarter million people.

### **Central Houston Inc./Houston Downtown Management District**

One of the more complex downtown organizations in the US, this organization has an operating budget for 2009 showing \$6,270,269 in revenues and \$6,268,010 in expenses. In addition, Central Houston manages a capital improvement program with a 2009 budget showing \$6,566,494 in income and \$6,562,500 in expenditures.

The Houston Downtown Management District annual assessment is expected to generate \$4,782,855 in 2009. Other significant sources of income are derived from management contracts with the city, Metro transit agency, and earned income. Programs include cleaning streets and sidewalks (\$1,574,000); streetscaping and beautification (\$1,119,300); sidewalk improvements and maintenance (\$546,800); lighting (\$307,500); operation of a downtown circulator system (\$473,500); marketing (\$1,114,070); and planning and development (\$280,000).

## **Downtown Fort Worth, Inc./Downtown Fort Worth Initiatives, Inc.**

Another complex and well-funded organization and one that fits the description of a “mini-conglomerate” is Downtown Fort Worth, Inc. This organization’s core budget is \$538,500 in calendar 2009; but it’s various other operations show income of \$3,659,235 (City contracts to manage the TIFD and parking systems); \$2,392,152 (managing the PID program); \$345,030 (managing Burnett Park); \$375,000 (managing a homelessness program); and \$2,320,402 (managing festivals and events).

Programs in Dallas and Austin, in Texas, and other downtown management programs in nearby states – for example, Memphis, Nashville, Oklahoma City and New Orleans show similar structures, responsibilities and budgets.

## **Proposed Budget for San Antonio Centro Partnership**

The proposed three-year budget is based on a number of assumptions:

- The Centro Partnership is created and operational at the end of 2009.
- The current Downtown Alliance folds into and becomes a part of the Centro Partnership.
- The City of San Antonio provides some start-up funding, but longer term city funding is on a fee-for-service or management contract basis, not simply grants.
- Major new program initiatives are implemented and phased in over the first three years.
- The proposed budget does not include separate program budgets for the CDC, for the parking system, nor for a separate events corporation.

## **Possible Funding Sources**

There are several currently available programs in addition to the PID that Centro Partnership might manage or benefit from, including:

- Downtown Bond Projects (management fees)
- Parking System (management fees)
- Center City Development Office (could be folded into Centro Partnership)
- Tax Increment Financing Unit (management fees, project funding or direct funding)
- Tax increment Reinvestment Zone (administrative and project expenses)
- Special Events (could be folded into Centro Partnership)
- Empowerment Zone (management)
- Hotel Occupancy Tax (politically sensitive, but might provide marketing dollars)

**Budget under construction**

## Section IX: Timeline

Task	Responsible Party	Schedule
Proposal Delivered to COSA	Dave Feehan	June 15
Sign off by City Manager	COSA	July 1
Approval by DTA Board	DTA	July Board Meeting
Letter agreement between DTA and COSA to work together	COSA/DTA	July
Meetings with City Council & Mayor (individually)	COSA	July or August
Formal approval by Council empowering/authorizing City Manager to proceed	COSA	August
City Manager & DTA Chair's designee meet and create Nominating Committee; Board nominated	COSA/DTA	August
Vision task force created and boundary discussions started	COSA/DTA	August
Centro Partnership incorporated (Legal or Pro Bono)	COSA/DTA	August
City commits start-up funds	COSA	August
DTA agrees to pay staff and overhead	DTA	August
Board determines process for selecting CEO, approves budget, bylaws, boundaries, etc.	Centro Partnership (CP)	September/October
Board approves shared vision for downtown contract	CP	October/November
CEO selected/contract negotiated	CP	November
DT Coordinating Council Created	CP	December
Program Committee Constituted	CP	December
Additional Staff hired	CP	January/June 2010
Approvals of PID Board & CDC Board	CP/DTA/COSA	November

## **Section X: Partners**

Few things of any significance are accomplished in downtowns today without cooperation, collaboration, partnerships and alliances. Public entities, private business interests, and nonprofit groups of all kinds work together to ensure that goals are met and actions produce desired results. This is now the case in San Antonio, and will be true to a much greater extent once the new organization begins operations.

There exists today in downtown San Antonio an opportunity for an unprecedented partnership between the public sector and the private sector, through the mechanism of the Centro Partnership. As the Centro Partnership comes into being, it hopefully will bring into existence the Downtown Coordinating Council and the Downtown Program Committee, two vehicles designed to ensure high-level coordination and collaboration.

There are many areas in which this new level of cooperation may pay dividends. Here are but a few:

Infrastructure – expansion of and maintenance of the River Walk; sidewalk repair and replacement; wayfinding signage systems.

Transportation – creation of a transportation management organization as part of the Centro Partnership; construction, implementation and marketing of a downtown trolley system.

Major projects – determination of the future of the HemisFair site, new public and private sector buildings.

Festival and event coordination and expansion – joint marketing and promotion, traffic and parking coordination, security and clean-up.

Marketing – website links, social networking media, business attraction strategies.

## **Section XI: Appendices**

Appendix A – Downtown Kalamazoo Inc. Budget

Appendix B – Central Houston Budget

Appendix C – Downtown Fort Worth Inc. Budget